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Industrial Horizons



MONTANA: FRONTIER OF INDUSTRIAL OPPORTUNITY

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Expanding National Economy Is Good Omen for Montana

What's ahead in Montana for 1957? Some prediction of the state's level of economic activity can be made from capital spending plans of the nation's businessmen for the new year. Capital spending is the amount industry spends on new factories and machines.

According to a study conducted by the McGraw-Hill Book Company Economics Department, capital investments of manufacturing companies for 1957 are expected to go up 14 per cent over the 1956 level—to a new high of over \$14 billion. Non-manufacturing industries plan to spend 10 per cent more than they did last year.

It is significant that the most notable increases are expected to occur in those industries for which Montana has great potential.

Manufacturers of nonferrous metals products, for instance, plan to increase their new investments in plants and machinery 59 per cent to \$937 million. New investments in mining of nonferrous metals are expected to be up 55 per cent. Montana, of course, is one of the leading producers of nonferrous metals—copper, zinc and lead. Smelting and refining of copper, zinc, lead and aluminum should increase in volume, too. Montana's ore deposits, even the low-grade ones, probably will be in more demand next year.

Business plans new capital investments of \$68 million in mining of iron ore, too. Montana has large deposits of iron, which are beginning to be utilized. Ore is now being shipped from Judith Basin County.

New investments in petroleum refining are expected to go up 50 per cent this year primarily because of a shift to high-octane gasoline for which higher capital investments are required. Refining of petroleum contributed about 10 per cent of the "value added by manufacture" in Montana in 1954. As oil production goes up, and as new markets are created in this region, investment in oil refining should go up.

Investment in the paper industry is expected to go up 21 per cent over last year's record level. With the state's first pulp mill established in Missoula in 1956, and with several others being considered, this increased prosperity of the paper industry augurs well for Montana's 1957 economic picture.

Another field for which Montana has potential is petrochemicals. Capital spending in chemicals is expected to go up 29 per cent this year.

Some of our most important industries—oil and copper refining, lumbering

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NATIONAL CONCERN FOR INDUSTRIAL DEVELOPMENT

INDUSTRIAL HORIZONS here prints parts of a speech entitled "Area Development in the United States—Its Status and Frontiers," given by Victor Roterus, Director, Office of Area Development, U. S. Department of Commerce, before the Third Annual Western Area Development Conference sponsored by Stanford Research Institute, held in Phoenix on October 31, 1956.

"Area development" is another name for "economic development." Mr. Roterus' office is concerned with the same problems on the national level that the State Planning Board is on the Montana level—building up basic economies of local communities.

In this speech, Mr. Roterus shows that economic development is a national effort. He gives some of the techniques other areas of the country use in attracting new economic activity and expanding local activity.

Area development is everybody's business, and everybody seems to be busy at it. A survey currently underway in our Office of Area Development indicates some 3,000 community industrial development corporations or foundations have been formed in the United States since 1900. That they are actively in business is evidenced by a special issue of the *New York Times* which devoted 107 pages or over 32,000 lines to industrial development advertising paid for by nearly 1,000 different organizations interested in promoting their home towns. Besides these community groups, there are the many local chambers of commerce and other organizations—such as utilities, railroads, banks, universities, and private research organizations—rendering professional area development services.

On the state level, 46 of the 48 states have official economic development agencies; six states have Development Credit Corporations providing financial assistance with private money to community groups or industrial borrowers; and nine other states have enacted legislation to provide a similar sort of service.

Now what have we learned about the ingredients of a successful area development program and the techniques available for use in such a program?

Community Understanding of Area Problems

Communities don't support programs unless there are good reasons for doing so. Hence, if an area development program is to get any kind of a start, the leadership of the area must understand what problems they have, how serious the problems are, and what opportunities there are for doing something about them.

The techniques most used for securing the necessary community understanding are several. There is, for example, the community clinic as developed in Arkansas, the community betterment workshop as carried on by the University of Southern Illinois, and the economic base survey. With respect to the latter, it is useful to think of this survey in four different parts: (a) the appraisal of the general economy of the area and where

it is going in terms of population, employment, and income; (b) the identification of specific business and industrial opportunities suggested by an analysis of local resources and markets; (c) a compendium of all community facts related to industrial location; and (d) the special survey reports on such things as industrial sites, a particular resource, and transportation.

Sustained Community Support

Once the community decides there is a real need to strengthen its economic base, the next requirement for success is that the community give the program sustained support over many years. The community and its citizens must spend money and participate in the program on a long-range basis, or they should not embark on it in the first place.

Many techniques have been developed for raising necessary funds for a community area development program. Wilkes-Barre, Pennsylvania, for example, used a professional fund raising organization to conduct a drive for public contributions; neighboring Hazleton placed lunch pails on the street corners into which citizens dropped contributions on a "Dime-a-Week" basis; Lowell, Massachusetts, sold bonds to private citizens, while Danville, Illinois, sold stock certificates; Fayetteville, North Carolina, levied an assessment on each of its members based on their ability to pay, and the economic benefit they stood to gain; Toledo, Ohio, gets appropriations from the local labor union council, the newspapers, and the chamber of commerce. Cities in Mississippi, Kentucky, Tennessee, and several other southern states pledge their full faith and credit in selling bonds to finance industrial land and buildings.

Full-Time Management

While area development is a job for the entire community, the program also requires the full-time attention of an area or industrial development specialist. There must be industrial and area development know-how in the community or the program won't get beyond the brochure stage. There are facts to be gathered, sites to be identified and re-

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1956---A Year of Industrial Progress for Montana

Industrial development proceeded at a rapid rate in Montana during 1956. Not only did manufacturing employment go up 7.5 per cent. over the 1955 level, but new and varied manufacturing operations were introduced into the Montana economy. These will have the effect of stabilizing and diversifying our economy. In the following paragraphs, INDUSTRIAL HORIZONS reviews some of these new industries of 1956.

Industry Attracts New Industry

At left is pictured the Montana Sulphur and Chemical Company, located adjacent to the Carter Oil Refinery in Billings. The plant ships 30 to 40 tons of elemental sulphur per day to West Coast pulp and paper mills of the sulfate type. The operation utilizes waste hydrogen sulfide, and employs 9 men. This new plant, along with installations at several oil refineries, introduces Montana to the rapidly expanding field of petrochemicals.

The controlling factor in this factory's location is availability of raw materials from two large oil refineries in Billings. Other new manufacturing plants using a material produced by another Montana factory include Montana Concrete Industries, Inc., Butte, which produces concrete blocks from Victor Chemical Company slag; Foreman, Ford and Company, Great Falls, manufacturing paint from Montana pigments; and Waldorf pulp mill at Missoula, which will use bark, slabs, and trim formerly burned by three lumber companies.



New Power for Growing Needs of Montana

Montana's rising importance as a power center is being emphasized by the completion of the Fort Peck Dam and the expansion of the Fort Peck Power Plant. The Fort Peck Dam, which is the second largest concrete dam in the world, was completed in 1956. It is a 1,000-foot-long concrete dam with a 1,000-foot-long spillway. The dam is located on the Missouri River, about 10 miles upstream from the city of Great Falls. The dam will generate 1,000 megawatts of electricity, which will be used to power the city of Great Falls and the surrounding area. The dam is also a major landmark in the state, and it is a source of pride for the people of Montana. The dam is a testament to the state's industrial progress and its commitment to providing clean, reliable power to its citizens.

Montana's industrial potential was advertised to the nation at the Mummy Bowl December 22, in which Montana State College played. Members of the MSC band and football team distributed 10,000 copies of a brochure telling of "The New Force in Montana" that of industrial progress. The brochure, prepared by the Planning Board, was part of the "On to Little Rock" campaign in which various state promotional organizations participated.

New Industries Brought Diversification and Stability



New Utilization of Natural Resources

Above is an architect's drawing of the completed Waldorf Paper Products Company pulp mill, which is being constructed at a site 13 miles west of Missoula. The mill will have an initial capacity production of 250 tons of unbleached sulfate pulp daily. This is a project in which the State Planning Board took an active part. Montana is soon to have at least one more pulp mill, too: St. Regis Paper Company, one of the world's largest wood-processing firms, which recently acquired J. Neils Lumber Company, has announced plans to build a 400-ton mill in the Libby-Trey area. Other areas of the state are also being investigated for potential pulp and paper production.

In other wood products developments, Polson Plywood Company increased production; a group announced plans for a plywood mill in Whitefish; and Plum Creek Lumber Company started producing boxes in Columbia Falls.

Another new industry utilizing Montana natural resources is the Kool Krudes plant at Red Lodge, planned for completion early in 1957, and which will make tar and char from coal.

Havre to Make Straw Wallboard

A Havre group, headed by Barney Haley, announced plans December 26 to construct a plant to make a wallboard from wheat straw.

The board, which will be manufactured (under a Swedish patent) in America exclusively by the Havre group, has been used internationally for several years. The United Nations Assembly Hall at Paris, for instance, has most of its partitions, floors, and exterior walls made of the product, which has passed rigid tests for strength, insulation, acoustics, and fire resistance.

The Havre Chamber of Commerce, under the leadership of Manager Hank Fortier, is to be commended for its diligence in seeking new economic activity. Nor only will this new plant brace the economy of the Havre region—it also cements a closer economic tie with Canada, where the Havre people first heard of the wallboard, and it processes wheat straw, until now not utilized except as feed.

Montana—the Treasure State

Montana made its first reputation as a state rich in natural resources on its huge mineral production. This eminence in mining will continue, for the Anaconda Company has begun a \$36 million expansion in its Butte copper, lead, and zinc operations. At left is pictured the Berkeley pit, a huge strip-mine operation which by next summer will be producing 17,500 tons daily of 0.8 per cent (low-grade) copper ore. This expansion of Butte's mining activities will use 2,500 more employees by 1960, and will bring 10,000 more people to the Butte area.

Other mining developments in 1956 include: production of 500 units of tungsten trioxide monthly by Minerals Engineering Company in Beaverhead County; fluor spar production in Ravalli and Missoula counties; bentonite in Carter and Phillips counties; chromite in Stillwater County; and barite in Missoula County.

Montana is still "The Treasure State."

Building and Markets Bring New Industry to Columbus

Pictured above is a building using one of the many types of laminated wood beams produced by Timberweld Manufacturing Company in Columbus. In a building purchased from the Federal government by Columbus Enterprises, Inc., an industrial development corporation, Timberweld will produce large-size beams and rafters used for several years in Montana construction, but until now imported from the Twin Cities and the Pacific Coast. Four young men, all Montanans with a faith in Montana's economic future, are associated in the management of the venture.

EXPANDING ECONOMY

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and mining—will probably see an expansion in activity. But more important, certain industries for which Montana's resource base is suitable may decide to establish more extensive operations in Montana. These include the petrochemical and paper pulp industries.

Montana communities can participate in this huge expansion of the nation's economy by stepping up their industrial promotion programs: by forming industrial development corporations to take options on desirable industrial sites and to provide capital for struggling industries; by initiating city planning programs to assure their capacity to handle future economic growth.

Regional Growth Helps State Develop

In the highly competitive business of industrial development, local and state groups frequently tend to narrow their outlook to their own local situation and forget that the broader but equally important development needs of a larger region.

This is particularly true in Montana, a small, sparsely settled state, for we have long operated on the "island" industrial development concept. However, Montana is just likely to have development equal to its potential only if the region or regions of which the state is a part experience growth.

As a result, therefore, there is more than one interest among Montanans in regional planning in the states around us.

Too recently is it, though, that Montana has been a part of several regions of the West. For example, so far as economic ties are concerned, Eastern Montana is most closely related to the Great Plains and the Missouri Basin; the Billings area has strong ties with Wyoming and the Northern Rocky Mountain states; cities in the Western part of the state can be closely identified with the Pacific Coast; and Northern communities along the Hi-Line are experiencing closer ties with Canada.

Montana a Part of Northwest

Even though our state has economic connections in many directions, we should not lose sight of the dominant regional relationship of our economy. Montana as a whole is more closely identified with the Northwest region than with any other.

Like the economies of Idaho, Oregon, Washington, and the Canadian provinces of Alberta, British Columbia and Saskatchewan, Montana's economy is resource-based, and its most important potential lies in raw material and power-oriented industries. The east-west transportation pattern of the U. S. also contributes to this similarity of interest among our states.

There is a consequent need for more cooperative effort in publicizing the Northwest as a region with incomparable potential.

Four-State Meeting

A first step in this direction was taken on November 16 when executives of the State Development Agencies and Chambers of Commerce of Montana, Idaho, Oregon and Washington met informally in the latter state for joint action in the Northwest region.

It was agreed that a substantial basis for

cooperation exists, particularly in these respects:

1. Development problems and development potentials are similar.
2. Interchange of information about research and promotion can foster regional growth.
3. Cooperative promotion, whenever practicable, will help to identify the four states and the three Western Canadian provinces as a regional market, both within and outside the Northwest. The common problem of attracting market-oriented industries to the Northwest may be attacked by joint efforts to build the regional economy.

Revising Census Reports

One possibility discussed is asking the U. S. Bureau of Census to revise the way it presently reports census data. In census tables on population, manufacturing, wholesale and retail business and the like, Montana is in the Mountain region along with Wyoming, Idaho, Nevada, Utah, Colorado, Arizona and New Mexico, Washington, Oregon and California make up the Pacific Region. The change discussed would make the Montana, Idaho, Washington and Oregon "community" the Northwest Region.

Regional advertising by large industries operating in the Northwest, such as railroads and utilities, was also discussed. If these companies could publicize the Northwest as a region of industrial potential, all four states and three provinces would benefit. This regional concept is being explored further with representatives of these large industries.

Integrate Employment Service

The four-state meeting also agreed that:

1. The most effective development program is that built up from the community level.
2. Public employment offices at the State and community level, together with local Chambers of Commerce, are among the most competent contacts for implementing development activities.
3. The local employment service manager can be a key in any community development organization. In Montana, these men are Local Office Managers of the Montana State Employment Service.

Another meeting of representatives of the four states is planned for next March. Any suggestions for this meeting will be welcomed by the Planning Board.

NATIONAL CONCERN

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served, industry to be contacted, financing assistance to be arranged—and all these things require the expert day-to-day attention of someone who knows the area development business.

Specialized Organization

Most communities and areas have found that it is necessary to set up organizations dedicated solely to the particular area development jobs that need doing. The industrial development job can't be handed over to an organizations which will be largely occupied by doing something else.

For different parts of the area development job, different organizations may be required on a community, or even a broader area, basis. That is why we have seen the growth of local industrial development corporations with a variety of functions; private research organizations whose expert services are proving helpful to area development organizations in a variety of ways; of groups who reserve and develop land for industry through planned industrial parks; of state industrial authorities supported by public funds to finance new and expanding industry in instances where regular credit sources are not able to act.

Imaginative Promotion

Because of the intense competition, communities with successful area development programs have usually developed distinctive promotion techniques.

York, Pennsylvania, for example, enjoyed success by advertising a package plan whereby all the necessary site development, construction services, financing arrangements, and other services were provided by a local organization. The prospect simply has to okay plans and unlock the door of his new plant to begin operations. An Ohio utility company produced a movie showing the St. Lawrence Seaway project and its relation to the company's service area. Kentucky invites leading manufacturers from all over the country to participate in an annual industrial tour of the state, financed by the state Chamber of Commerce.

Need for Effective Action

This talk started out by illustrating that area development is everybody's business. In the course of it I have indicated that this places on area developers not only a real responsibility but an ever-broadening one. Perhaps in no activity to which people can devote their professional lives or volunteer for community service is the future so open to improvement of technique.

MONTANA STATE PLANNING BOARD

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